

FISCAL NOTE

HB 2458 - SB 2986

April 2, 1998

SUMMARY OF BILL:

- Makes health insurance companies, health maintenance organizations and other managed care entities liable for damages for any harm to an insured party or enrollee caused by health care treatment decisions.
- Prevents a health insurance carrier, HMO, or managed care entity from removing a physician or health care provider from its plan for advocating for an enrollee.
- Prevents contracts between health plans and providers with a hold harmless clause.
- Requires that any person must exhaust appeals and submit the claim to an independent review organization before pursuing a cause of action.
- Establishes standards for such independent review and requires the Department of Commerce and Insurance to certify and regulate such organizations.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$168,000 Recurring
\$19,000 One-Time**

Fiscal impact includes three positions and associated operating expenses in the Department of Commerce and Insurance for regulating independent review organizations. Assumes that any increased liability and resulting damages assessed to managed care organizations or health maintenance organizations will not be significant to the degree to cause premium increases in local or state government health plans or to increase TennCare capitation payments.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

HB 2458 - SB 2986